

ORIGINAL

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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July 27, 2001



Via Hand Delivery

Magalie R. Salas, Secretary
Federal Communications Commission
The Portals
445 – 12th Street, SW
Washington, D.C. 20554

**Re: Notice of *Ex Parte* Presentation by Cbeyond Communications
CC Docket Nos. 96-98 and 98-147**

Dear Ms. Salas:

Pursuant to Sections 1.1206(b)(1) and (2) of the Commission's Rules, Cbeyond Communications ("Cbeyond") submits in the above-captioned docketed proceedings this notice of an oral *ex parte* presentation made on July 25, 2001 to Commissioner Michael Copps and his Senior Legal Advisor, Jordan Goldstein.

The presentations were made by:

Robert Morrice, President, Sales and Service, Cbeyond
Julia Strow, Vice President, Regulatory, Cbeyond
Thomas Cohen, The KDW Group
Jonathan Canis, Kelley Drye & Warren

Messrs. Morrice and Cohen discussed the Cbeyond business model and technology; Ms. Strow discussed Cbeyond's positions regarding several proceedings pending before the Commission; and Mr. Canis and Ms. Strow discussed Cbeyond's business plans for the use of collocation, unbundled loops and enhanced extended links ("EELs"). A set of talking points was distributed during the meeting; a copy is attached to this notice.

Magalie R. Salas
July 27, 2001
Page 2

Pursuant to Sections 1.1206(b)(1) and (2) of the Commission's Rules, Cbeyond submits an original and one (1) copy of this oral *ex parte* notification and attached talking points for inclusion in the public record of the above-referenced proceedings. Please direct any questions regarding this matter to the undersigned.

Respectfully submitted,

A handwritten signature in black ink, reading "Julia Strow". The signature is fluid and cursive, with the first name "Julia" being more prominent than the last name "Strow".

Julia Strow
Vice President, Regulatory
Cbeyond Communications

Encl:

cc: Commissioner Michael J. Copps
Jordan Goldstein, Senior Legal Advisor
International Transcription Service



Cbeyond Communications

Bob Morrice – President, Sales and Service

Julia Strow - Vice President, Regulatory

July 25, 2001

CC Docket No. 96-98

C Agenda

- Introduction to Cbeyond
- How Cbeyond is Changing the Game
- What Cbeyond Needs from the FCC

Cbeyond's Focus on Small Business

Our Vision

To bring big business communications to small business customers at affordable prices

Our Plan

To enable small business customers to “embrace the *bandwidth*” via an integrated voice and data product offering that provides productivity enhancing tools that are user friendly and cost effective

Cbeyond Business Overview

- Next Generation Broadband Service Provider
- Founded in November 1999 to provide the under-served small business market an integrated voice and broadband Internet service
- Leverage innovations in VoIP and soft-switch technologies to provide a “disruptive” economic and operational advantage over legacy providers
- \$141M in initial funding led by Madison Dearborn Partners, Battery Ventures and Vantage Point Venture Partners in March 2000 and \$240M in private debt financing
- Management Team recruited for leadership and innovation
- +170 employees; headquartered in Atlanta, Georgia

Cbeyond Business Model

- Target Market
 - Small businesses (5 to 25 lines) in Tier 1 markets
 - Fully funded markets: Atlanta, Dallas, Denver, Houston
- Facilities-based Communications Service Provider
 - Access agnostic: initially utilizing DS1 UNEs and EELs
 - Collocations and local data centers
- Network Technology
 - Cisco powered, local VoIP network (Class 4 & 5 functionality)
 - Single, integrated voice and data network
- Core Competencies
 - Direct sales force and market-based service organization
 - Next-Gen OSS and BSS

Cbeyond's Key Successes

- Technology Validation
 - Extensive Lab and Technical Trials validated the functionality and reliability of Cisco's end-to-end IP Telephony and broadband Internet solution
- OSS/BSS Development
 - Completed detailed business process definition
 - Focused significant development on customer interfaces with back-office
- Market Entry
 - General availability of integrated local, LD and broadband data service in Atlanta currently, Dallas and Denver operational 3Q01
 - Customer acquisition and Sales Rep. productivity significantly ahead of plan
- Customer Admiration
 - Cbeyond is changing the customer experience and building a "culture of referrals"

Summary: "The Cbeyond Difference"

C

Cbeyond

- Broadband
- VoIP, Soft-switch
- Integrated Network
- Access Agnostic
- Integrated Services
- Disruptive Economics



- Narrowband



- Circuit Switched



- Separate Networks



- Access Specific



- Bundled Pricing



- Legacy Economics

Cbeyond's Key Challenges

- Local loop provisioning and repair
- Wide variation in UNE pricing by market
- Uncertainty in rules and regulations that impact technological innovation
- Enforcement of the Telecommunications Act

C What Cbeyond needs From the FCC

- *Broadband Deployment*
 - High Capacity Loops and Transport Petition Dismissed
- *Enforcement*
 - UNE Pricing via 271 Process
 - EEL Provisioning and Conversions
- *Technology Neutral Focus*
 - Pro-competitive FCC policies have stimulated innovation
 - Collocation order exemplifies correct focus

C Switching Carve Out

- Zone 1 limitation should be expanded to include any MSA meeting the density criteria
- Record does not support raising the current four line threshold
- Quid pro quo EEL provision must be maintained

Conclusion

C

- Introduction to Cbeyond
 - Cbeyond is a next generation facilities-based service provider
 - Focused on providing small business customers (5 to 25 lines) an integrated voice and broadband data service
- How Cbeyond is Changing the Game
 - Cbeyond is leveraging innovations in VoIP and soft-switch technologies to provide a “disruptive” economic and operational advantage over legacy providers
- What Cbeyond Needs from the FCC
 - Policies that further greater broadband deployment
 - The FCC should maintain its focus on enforcement
 - FCC policies should facilitate technological innovation